

# DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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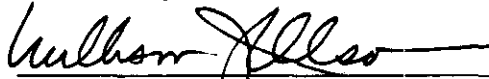
POSTAL RATE AND FEE CHANGES, 1997 )

JAN 28 3 51 PM '98  
Docket No. R97-1

NASHUA PHOTO INC., DISTRICT PHOTO INC.,  
MYSTIC COLOR LAB, AND SEATTLE FILMWORKS, INC.  
FIRST INTERROGATORY AND REQUEST FOR PRODUCTION OF DOCUMENTS  
TO UNITED PARCEL SERVICE WITNESS STEVEN E. SELICK (NDMS/UPS-T2-1)  
(January 28, 1998)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Nashua Photo Inc., District Photo Inc., Mystic Color Lab, and Seattle FilmWorks, Inc., proceeding jointly herein, hereby submit the following interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate United Parcel Service witness.

Respectfully submitted,



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Counsel for Nashua Photo Inc., District Photo Inc.,  
Mystic Color Lab, and Seattle FilmWorks, Inc.

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.



William J. Olson

January 28, 1998

**NDMS/UPS-T2-1.**

Please refer to your testimony concerning Priority Mail cost differences by shape (UPS-T-2, starting at page 18, line 4).

- a. Please confirm that, if a surcharge were imposed on Priority Mail parcels, the purported "extra cost" of handling parcels would be subtracted from the total nontransportation cost when calculating the base unit cost, leading to a lower base unit cost for all Priority Mail. If you do not confirm, please explain how these "extra costs" could be simultaneously (i) passed through in the form of a surcharge on parcels and (ii) included in the base unit cost for all Priority Mail, including parcels.
- b.
  - i. Please confirm that, using the Postal Service attribution of mail processing costs, the estimated cost differential between flats and parcels is \$0.1265 (after piggyback and wage adjustments, see Workpaper UPS-Sellick-1-III-A, p. 1). If you do not confirm, please explain.
  - ii. Please confirm that subtracting the difference in the average weight-related nontransportation costs for flats and parcels (\$0.0928) (UPS-T-4, p. 44) results in a supposed unaccounted-for cost differential between flats and parcels of \$0.0337. If you do not confirm, please explain.
- c. For the following questions, assume that a parcel surcharge is imposed based on the purported unaccounted-for differential between flats and parcels of \$0.0337:
  - i. Please confirm that since the costs passed through the parcel surcharge would no longer be included in the base unit cost calculation, the resulting base unit cost

for non-parcel Priority Mail would be less than the base unit cost if the surcharge was not imposed. If you do not confirm, please explain.

- ii. Please confirm that the resulting per-piece cost for Priority Mail parcels (the base per-piece cost plus the parcel surcharge) would be less than \$0.0337 greater than the Priority Mail per-piece transportation cost without a surcharge. If you do not confirm, please explain.
- d.
  - i. Please confirm that, historically, Priority Mail rates have been rounded to the nearest nickel. If you do not confirm, please explain.
  - ii. In view of this rounding, if the Postal Service costs are adopted, please explain why the Commission should adopt a parcel surcharge.